

Message Text

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ACTION EA-10

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-03 H-01

INR-05 L-02 NSAE-00 NSC-05 PA-01 RSC-01 PRS-01 SP-02

SS-15 USIA-06 AID-05 EB-07 OMB-01 CEA-01 STR-01 /080 W

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R 100255Z DEC 74

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 6591

INFO AMEMBASSY SEOUL

USMISSION OECD PARIS

C O N F I D E N T I A L TOKYO 16048

E.O. 11652: GDS

TAGS: EAID, JA, KS

SUBJECT: JAPANESE AID TO KOREA

REF: TOKYO 14335

SUMMARY: ROKG ON OCTOBER 31 SUBMITTED FORMAL REQUEST TO GOJ FOR 205 MILLION DOLLARS ADDITIONAL JAPANESE AID. REQUEST WAS DISCUSSED AND MODIFIED DURING VISIT OF ROKG MISSION TO TOKYO NOVEMBER 28 AND 29, AND WILL BE FURTHER STUDIED BY GOJ MISSION SCHEDULED TO VISIT ROK MID-DECEMBER. FONOFF EXPECTS GOJ WILL ULTIMATELY PLEDGE ABOUT 120 MILLION DOLLARS NEW AID IN RESPONSE TO REQUEST. END SUMMARY.

1. ON DECEMBER 9 EMBOFF REVIEWED RECENT WORKING LEVEL ROJ-ROKG AID DISCUSSIONS WITH SEZAKI, DEPUTY DIRECTOR, FIRST ECONOMIC COOPERATION DIVISION, FONOFF. ACCORDING TO SEZAKI, ROKG ON OCTOBER 31 SUBMITTED FORMAL REQUEST FOR EQUIVALENT OF 205 MILLION DOLLARS IN ADDITIONAL JAPANESE AID, AS FOLLOWS: A) 35 MILLION DOLLARS FOR PUKPYONG HARBOR DEVELOPMENT, B) 35 MILLION DOLLARS FOR DOUBLE TRACKING OF CHUNGBUK RAILWAY LINE, C) 85 MILLION DOLLARS FOR DAM PROJECT ON HAN RIVER, AND D) 50 MILLION DOLLARS FOR COMMODITIES.

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2. SUBMISSION OF ROKG REQUEST WAS FOLLOWED UP BY VISIT TO TOKYO NOVEMBER 28 AND 29 OF ROKG BRIEFING MISSION UNDER LEADERSHIP OF ECONOMIC PLANNING BOARD. MISSION EXPLAINED THAT INFLATION HAD INCREASED COST OF PUKPYONG HARBOR PROJECT TO SOME 44 MILLION DOLLARS, AND MADE NEW REQUEST FOR ADDITIONAL 25 MILLION DOLLAR LOAN FOR LOADING FACILITIES AT PUKPYONG. MISSION ALSO ASKED THAT GOJ RESPOND TO ROKG REQUESTS WITHIN THIS CALENDAR YEAR, BUT JAPANESE INDICATED IT DOUBTFUL THIS COULD BE DONE.

3. AS KOREAN SIDE WILL NOT BEGIN FEASIBILITY STUDY OF PROPOSED DAM PROJECT UNTIL NEXT YEAR, ANY GOJ PLEDGE NOW FOR THIS PROJECT IS MOST UNLIKELY, SAID SEZAKI. TO CONDUCT FURTHER STUDY OF OTHER THREE REQUESTS, GOJ WILL DISPATCH TEAM TO ROK IN MID DECEMBER. GOJ HAS NOT YET DECIDED UPON LEVEL OF ADDITIONAL AID, SAID SEZAKI, BUT FONOFF'S PRESENT THINKING IS THAT NEW AID IN RANGE OF 120 MILLION DOLLARS WILL ULTIMATELY BE PLEDGED FOR PUKPYONG HARBOR, CHUNGBUK RAILWAY, AND COMMODITIES.

4. IN RESPONSE TO EMBOFF'S QUERY WHETHER PLEDGE OF SOME 120 MILLION DOLLARS IN NEW AID WOULD NOT REPRESENT DEPARTURE FROM PREVIOUSLY ANNOUNCED POLICY OF REDUCING LEVEL OF GOJ AID, SEZAKI RESPONDED THAT ROKG REQUEST WAS SMALLER THIS YEAR THAN LAST; THAT DISBURSEMENT OF NEW AID WOULD BE OVER PERIOD OF SEVERAL YEARS; AND THAT TERMS WOULD BE HARDER, HE ALSO NOTED THAT AID UNDER PROPERTY AND CLAIMS AGREEMENT WOULD TERMINATE WITH FINAL DISBURSEMENT OF SOME 2 MILLION DOLLARS IN 1975. HOWEVER, HE SAID, IN VIEW OF ROK NEEDS, GOJ AID WILL CONTINUE BUT ROK WILL HAVE TO PRESENT CONVINCING EXPLANATIONS TO SUPPORT FUTURE AID REQUEST.

SHOESMITH

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC ASSISTANCE, LOANS
Control Number: n/a
Copy: SINGLE
Draft Date: 10 DEC 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974TOKYO16048
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740357-0768
From: TOKYO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741245/aaaabmtt.tel
Line Count: 94
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: TOKYO 14335
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 02 MAY 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <02 MAY 2002 by elyme>; APPROVED <26 MAR 2003 by CunninFX>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: JAPANESE AID TO KOREA
TAGS: EAID, JA, KS
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005